

Message Text

CONFIDENTIAL

PAGE 01 LAGOS 09892 271544Z

60

ACTION AF-08

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 L-03 H-02 PA-01 PRS-01 /083 W

----- 017017

R 271303Z AUG 76

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 6527

C O N F I D E N T I A L LAGOS 9892

E.O. 11652: GDS

TAGS: PFOR, ECON, EINV, NI

SUBJECT: NIGERIANIZATION INDIGENIZATION: PUGH NOON FOR BANK OF
AMERICA AND CITIBANK

REF: (A) LAGOS 9388, (B) STATE 201880

1. BANK OF AMERICA AND CITIBANK MET WITH FMG BANK NEGOTIATING
COMMITTEE RESPECTIVELY ON AUGUST 23 AND 24. BOTH SESSIONS WENT
ALMOST SIX HOURS. ALTHOUGH PARTICIPANTS "SWORN TO SECRECY" IT
APPARENT THAT OUTCOMES OF MEETINGS WERE VERY DIFFERENT.

2. BANK OF AMERICA TWO-MAN NEGOTIATING TEAM HAS JUST DEPARTED
FOR LONDON VERY PLEASED OVER RESULTS. RESIDENT DIRECTOR IN
LAGOS STATES "WE GOT EVERYTHING WE WANTED." BANK WILL SELL
60 PERCENT OF EQUITY TO FMG AT "EXCELLENT, VERY HIGH PRICE."
ALSO AGREED THAT MANAGEMENT AND POLICY CONTROL WILL STAY
UNCHANGED IN HANDS OF BANK OF AMERICA PERSONNEL DESPITE NEW
PROPORTION OF OWNERSHIP SHARES. LEGAL DOCUMENT NOW BEING
DRAWN UP FORMALIZING ALL POINTS.

3. CITIBANK MEETING WAS MORE OF A COLLISION. AFTER OPENING
POSITIONS OF BOTH SIDES WERE REJECTED, FMG COUNTERED WITH THREE
DISTINCT OPTIONS. CITIBANK HAS REFERRED THESE TO NEW YORK FOR
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LAGOS 09892 271544Z

DECISION AND WILL STAGE SECOND MEETING IN MID-SEPTEMBER. SITUATION

NOW AO IMPASSE.

4. LAGOS DIRECTOR OF FIRST NATIONAL OF CHICAGO HAS TOLD ECON COUNSELOR ON SEVERAL OCCASIONS THAT HE IS DOING HIS BEST TO BOLSTER STAND OF CHASE CHIEF HERE. LATTER REPORTEDLY DEMORALIZED BY FLACCID POSITION OF CHASE NEW YORK HEADQUARTERS, IN TURN ALLEGEDLY SHAPED BY SHASE EXECUTIVE PETER NICE. NICE HAS HAD OVER A DECADE OF RESIDENCE IN LAGOS, MUCH OF IT WITH UK-OWNED STANDARD BANK. FELLOW FOREIGN BANKERS CONSIDER HIM OVERLY SOFT IN HIS ATTITUDE TOWARD FMG. SHAKY APPROACH OF CHASE VIEWED BY BANKERS AS WEAKENING POSITION OF FIRST NATIONAL OF CHICAGO, CITIBANK AND NIGERIAN ACCEPTANCES. LATTER, WITH STRONG GRINDLAYS AND CITIBANK EQUITY, IS 35 PERCENT OWNED BY FMG, 5 PERCENT BY PRIVATE NIGERIAN CITIZENS. ITS LOCAL DIRECTORY NIGERIAN CITIZEN, RECENTLY COMPLAINED OF NO CLEAR DIRECTIVES FROM GRINDLAYS IN LONDON. AS FOR OTHER MERCHANT BANKS, ICON (WITH MORGAN GUARANTEE INTEREST) IS ALREADY 60 PERCENT OWNED BY NIGERIANS. UDT, SMALL AND NON-COMBATIVE, HAS WHOLLY DEFERRED TO LONDON HEADQUARTERS FOR GUIDANCE AND WILL PROBABLY ACCEDE TO 60 PERCENT NIGERIAN EQUITY WITHOUT RESISTANCE.

5. CHICAGO HAS ITS MEETING WITH GOVERNMENT TEAM ON AUGUST 30 FOLLOWED BY CHASE ON SEPT. 1. CHICAGO WILL NOT CATEGORICALLY OPPOSE CONCEPT OF NIGERIAN EQUITY BUT WILL EMPHASIZE NEED FOR PHASING IN NEW NIGERIAN OWNERSHIP OVER AT LEAST 3 YEAR PERIOD.

6. IN ALL PRELIMINARY SESSIONS, ATTITUDE OF FMG 4-MAN NEGOTIATING COMMITTEE DESCRIBED AS AMIABLE AND SYMPATHETIC. CHAIRMAN IME EBONG HAS BEEN AWAY FROM NIGERIA 16 YEARS RETURNING ONLY THIS APRIL. HIS OVERSEAS EXPERIENCE INCLUDES 5 YEARS WITH GERMANY'S BENDES BANK AND SEVERAL YEARS WITH THE AFRICAN DEVELOPMENT BANK IN ABIDJAN. UP TO CITIBANK ENCOUNTER, FOREIGN BANKERS HAVE SEEN EBONG AS CHARMING PERSON WHO APPEARED LUKEWARM OVER GOVERNMENT'S INDIGENIZATION POLICY TOWARD BANKS. ANOTHER INPUT ON THE FMG SIDE COMES FROM THE FINANCE MINISTRY'S FINANCIAL SYSTEM REVIEW COMMITTEE, CHAIRED BY PIUS OKIGBO AND FORMED IN APRIL TO OBSERVE MERCHANT BANKS. THIS GROUP HAS BEEN TRAVELING ABOUT AND WAS MUCH IMPRESSED WITH BANKING SYSTEM PARALLELS IN BRAZIL. WE BELIEVE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LAGOS 09892 271544Z

THAT BOTH GROUPS WILL REFER ANY IMPORTANT DECISIONS TO SUPREME MILITARY COUNCIL.
EASUM

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMUNITY RELATIONS, ECONOMIC PROGRAMS, BANKS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LAGOS09892
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760328-0184
From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760813/aaaaaktk.tel
Line Count: 110
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 LAGOS 9388, 76 STATE 201880
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 21 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 APR 2004 by BoyleJA>; APPROVED <09 SEP 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NIGERIANIZATION INDIGENIZATION: PUGH NOON FOR BANK OF AMERICA AND CITIBANK
TAGS: PFOR, ECON, EINV, NI, BANK OF AMERICA, CITIBANK
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006